

Summary: Enterprise Funds

Fund: Enterprise and Enterprise Debt Service

Summary	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$289,442	\$379,355	\$404,555	\$467,747	\$467,747
Operating	\$2,758,937	\$4,077,570	\$4,833,508	\$4,188,292	\$4,188,292
Capital	\$62,230	\$550,000	\$50,000	\$50,000	\$50,000
Transfers	\$3,747,673	\$4,352,683	\$4,852,657	\$654,238	\$654,238
Other	\$1,472,258	\$3,234,657	\$23,338	\$4,019,477	\$4,019,477
Total Expenditures	\$8,330,540	\$12,594,265	\$10,164,058	\$9,379,754	\$9,379,754
▽ <i>Revenues</i>					
Licenses & Permits	\$715	\$473	\$390	\$473	\$473
Investment Income	\$820,999	\$2,000	\$449,125	\$440,000	\$440,000
Enterprise Charges	\$7,123,510	\$7,849,855	\$7,882,870	\$8,349,515	\$8,349,515
Sewer Connect. Fees	\$525,808	\$496,880	\$372,046	\$490,640	\$490,640
Other Revenues	\$2,941	\$10,400	\$10,200	\$10,400	\$10,400
Other Fin. Sources	\$3,605,375	\$4,234,657	\$60,000	\$88,726	\$88,726
Total Revenues	\$12,079,348	\$12,594,265	\$8,774,631	\$9,379,754	\$9,379,754
Net Expenditures	(\$3,748,808)	\$0	\$1,389,427	\$0	\$0
FTEs	6.00	6.00	6.00	6.00	6.00

2007-2008 HIGHLIGHTS

- During FY2007, the BOCC approved a budget amendment closing the Enterprise Debt Service Fund, and placing the budget for principal, interest, and other debt costs into the Enterprise Fund. This was determined to be administratively and financially more efficient than previously where a large transfer was budgeted from the Enterprise Fund to the Enterprise Debt Service Fund.
- For FY2008 principal, interest, and other debt costs are budgeted in the Enterprise Fund.
- The rates are budgeted at a 6.5% increase going from \$2.59/CCF to \$2.75 CCF.
- The Capital Recovery Charge is budgeted at a 5% increase from \$2.461/GPD to \$2.584/GPD.

The following shows bond payments for Enterprise Fund debt service:

	2006-07 Commissioner Approved	2007-2008 Department Requested	2007-2008 Commissioner Approved
BOND PRINCIPAL	\$ 1,853,279	\$2,211,020	\$2,211,020
BOND INTEREST	\$ 1,375,878	\$1,803,457	\$1,803,457
OTHER	\$ 5,500	\$5,000	\$5,000
TOTAL	\$3,234,657	\$4,019,477	\$4,019,477

UTILITIES

MISSION

The mission of the Durham County Engineering Department is to protect regional water quality through the administration of the sewer use, stormwater and erosion control ordinances, to improve County facilities through the management of capital projects, and to preserve natural and scenic lands, farms and forests.

PROGRAM DESCRIPTION

The Utility Division is responsible for the operation and maintenance of the County's Triangle Wastewater Treatment Plant, the County's Wastewater Collection System, the coordination of new connections (customers), the County's Sewer System revenue collections, and the extension of public sewer lines to serve citizens with failing septic systems and to promote economic development.

The Triangle Wastewater Treatment Plant, collection system and industrial pre-treatment program are operated and maintained under a contract with United Water, effective July 1, 2005 through June 30, 2010.

In addition to ongoing operations, the major initiatives of this division have been the upgrades and expansions of the treatment plant to meet regulatory requirements and to provide adequate capacity for growth in the County's service area. Phase II of these improvements was completed in Fiscal Year 2005-2006, and includes the capacity addition and nitrogen removal to meet new NPDES permit requirements. The third phase of these improvements will provide new sludge handling facilities to produce Class A Biosolids. The design for the Class A Biosolids facilities is under way, and will be completed in Fiscal Year 2006-2007.

The Reused Wastewater Capital Project has received notification of two federal grants through the EPA, with Congressman David Price's support. The Board has approved the Interlocal Agreement with Wake County and the Town of Cary to proceed with the joint project, and staff is developing a design package for Board approval this fiscal year.

The County's treatment of wastewater from the Town of Cary began April 19, 2005. Cary is currently sending approximately 500,000 gallons per day to the County's plant for treatment. The agreement between Durham County and Cary provides treatment of up to 5 million gallons per day.

The City of Durham continues to provide billing and collection services for the County's wastewater customers. City and County staff worked together to update the appropriate responsibilities of each party, and the revenue collection and reimbursements have improved this fiscal year. Staff will continue to monitor the City's performance, and respond as necessary if changes are needed.

The Utility Division Office is located at 120 East Parrish Street, First Floor, Durham, North Carolina. Office hours are Monday - Friday, 8:30 AM - 5:00 PM, Telephone: 919-560-0735; Fax: 919-560-0740.

2006-2007 ACCOMPLISHMENTS

- Achieved additional nitrogen reduction that exceeded permit requirements
- Completed line cleaning required by State permit (10% of system)
- Awarded Collection System Rehabilitation contract, and began work on project
- Continued the design of Class A Biosolids (Phase III) Improvements
- Awarded contract for sludge removal, began work
- Approved contract for root control in sewer lines, began work
- Participated in Upper Cape Fear River Basin organization (Chair of Technical Advisory Committee)
- Participated in stakeholder program related to nutrient management in Jordan Lake
- Participated in the Neighborhood College program

Sewer Utility Fund

Fund: Enterprise

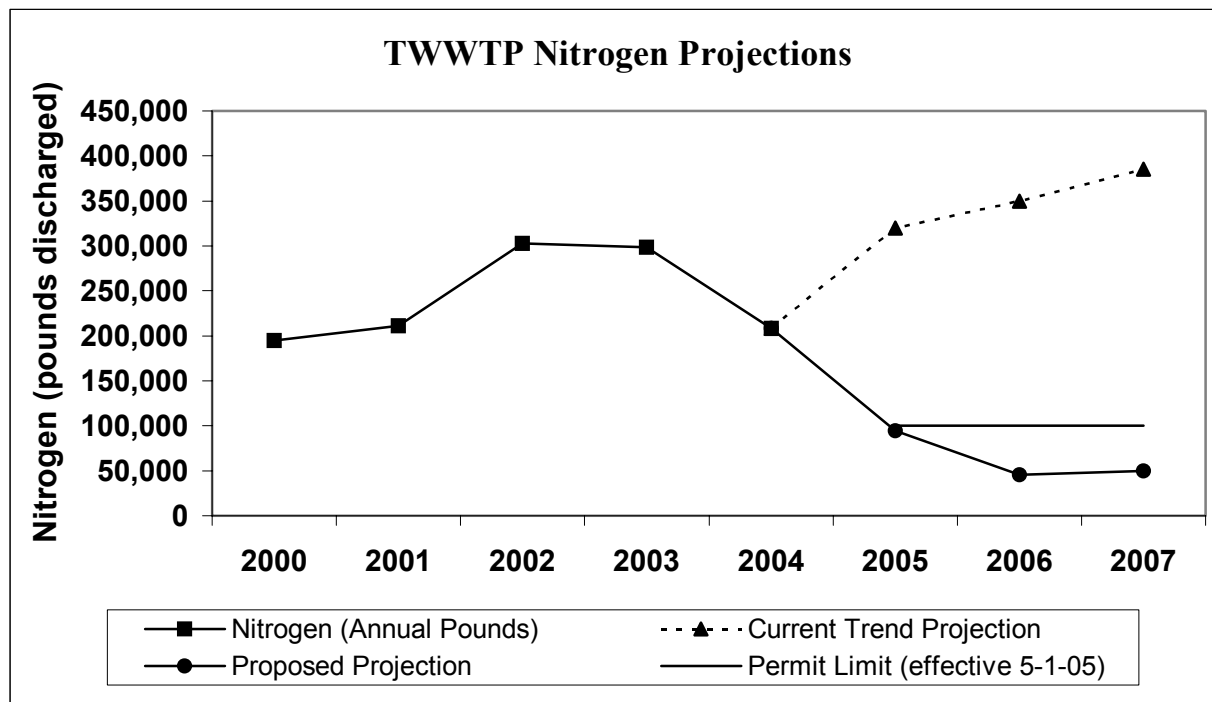
Functional Area: Utilities

Fund: 6006600000

Summary	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$289,442	\$379,355	\$404,555	\$467,747	\$467,747
Operating	\$2,758,937	\$4,077,570	\$4,833,508	\$4,188,292	\$4,188,292
Capital	\$62,230	\$550,000	\$50,000	\$50,000	\$50,000
Transfers	\$3,747,673	\$4,352,683	\$4,852,657	\$654,238	\$654,238
Other	\$0	\$0	\$0	\$4,019,477	\$4,019,477
Total Expenditures	\$6,858,282	\$9,359,608	\$10,140,720	\$9,379,754	\$9,379,754
▽ <i>Revenues</i>					
Licenses & Permits	\$715	\$473	\$390	\$473	\$473
Investment Income	\$476,255	\$2,000	\$241,174	\$440,000	\$440,000
Enterprise Charges	\$7,123,510	\$7,849,855	\$7,882,870	\$8,349,515	\$8,349,515
Sewer Connect. Fees	\$525,808	\$496,880	\$372,046	\$490,640	\$490,640
Other Revenues	\$2,941	\$10,400	\$10,200	\$10,400	\$10,400
Other Fin. Sources	\$0	\$1,000,000	\$60,000	\$88,726	\$88,726
Total Revenues	\$8,129,229	\$9,359,608	\$8,566,680	\$9,379,754	\$9,379,754
Net Expenditures	(\$1,270,947)	\$0	\$1,574,040	\$0	\$0
FTEs	6.00	6.00	6.00	6.00	6.00

2007-2008 PERFORMANCE MEASURES

Performance Measure: Triangle Wastewater Treatment Plant (TWWTP) Nitrogen Reduction



Story Behind the Last Two Years of Performance

Existing data has been used for baseline development and is shown on the graph. The upward projection indicates a no action approach and is not appropriate because the NPDES permit limits would not be met and the County would be subject to enforcement actions including civil penalties until the program began meeting the permit limits. The downward projection indicates the desired trend to decrease the amount of the Nitrogen discharge with the start-up of the TWWTP expansion and meet the permit limits beginning in 2005. Compliance with permit requirements beginning in 2005 was achieved, and the 2006 Nitrogen discharge was less than projected. The projection for 2006 was originally 95,000 pounds, while the actual discharge was 45,183 pounds.

Strategies: What do you propose to do to improve program performance?

- Continuing development of the CMMS (Computerized Maintenance Management System) is under way to achieve efficiency and extend equipment life appropriately. This development includes the work completed by the Operations Contractor and the management of the work by the Utility Division staff.
- The current plan is to meet NPDES permit requirements for Nitrogen as explained above. In addition, we will continue to promote the Reclaimed Water program to reduce discharges, and continue to evaluate and consider alternative processes to improve the performance of the TWWTP. The Reclaimed Water program is a lower cost alternative in comparison to more advanced treatment processes.
- The optimization of treatment operations is continuing now that the new plant units are in service and have basically settled in successfully. This optimization will be established to achieve the maximum efficiency of the operations while maintaining acceptable compliance with appropriate margins of safety to cover situations that are not normal.

ENTERPRISE DEBT SERVICE FUND

PROGRAM DESCRIPTION

This cost center accounts for water and sewer debt issued by the County of Durham. All Enterprise Fund debt is retired from interest earnings on bond proceeds and from revenues earned by the Enterprise Fund. \$24,515,000 in revenue bonds were issued during FY 2002-2003 to support phase II of the Waste Water Treatment Plant improvements and expansion. \$8,110,400 in revenue bonds is planned for issuance in FY 2005-2006 for phase III of the Wastewater Treatment Plant improvements. Charges for services were changed to insure that the Enterprise fund created enough revenue to support the debt service payments on these bonds.

During FY2007, a budget amendment approved by the Board of County Commissioners closed the Enterprise Debt Service Fund and moved the budget and charges to the Enterprise Fund. The Finance and Budget Departments recommended the change for administrative efficiency. All principal and interest payments for the Enterprise Fund Debt are now budgeted in the Enterprise Fund (6006600000).

Sewer Utility Debt Service Fund

Fund: Enterprise Debt Service

Functional Area: Other

Fund: 6606620000

Summary	2005-2006 Actual Expenditures	2006-2007 Original Budget	2006-2007 12 Month Estimate	2007-2008 Department Requested	2007-2008 Commissioner Approved
▽ <i>Expenditures</i>					
Other	\$1,472,258	\$3,234,657	\$23,338	\$0	\$0
Total Expenditures	\$1,472,258	\$3,234,657	\$23,338	\$0	\$0
▽ <i>Revenues</i>					
Investment Income	\$344,744	\$0	\$207,951	\$0	\$0
Other Fin. Sources	\$3,605,375	\$3,234,657	\$0	\$0	\$0
Total Revenues	\$3,950,119	\$3,234,657	\$207,951	\$0	\$0
Net Expenditures	(\$2,477,861)	\$0	(\$184,613)	\$0	\$0
FTEs	0.00	0.00	0.00	0.00	0.00